

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking Into
Implementation of Federal Communications
Commission Report and Order 04-87, As It
Affects The Universal Lifeline Telephone
Service Program

Rulemaking 04-12-001

**OPENING COMMENTS OF VERIZON CALIFORNIA INC. (U 1002 C)
ON ASSIGNED COMMISSIONER RULING SUSPENDING
VERIFICATION SECTIONS OF GENERAL ORDER 153**

The Assigned Commissioner's Ruling (ACR) reopens this proceeding and temporarily suspends, for a period not to exceed six months, sections of General Order 153 relating to the annual California Lifeline verification process. The Assigned Commissioner issues the ACR because the recently instituted verification process "is not working well." California is experiencing a very low response rate to the Lifeline verification notice, which results in significant numbers of current Lifeline customers being removed from the program. The ACR explains that the pause in the verification process will allow staff and interested parties an opportunity to isolate the reasons for the low response rate and to take steps to solve the problem.

The ACR states that since the annual verification process is a requirement under the Federal Communications Commission's (FCC) rules, the Commission's Legal Division will inform the FCC of the situation and the steps it

is taking to remedy the perceived problem. (ACR at 5 (“I will ask our Legal Division to write a letter informing the FCC of this situation and the steps we are taking to correct the problems we are experiencing.”).) For the reasons discussed below, a letter from the Staff may be insufficient to ensure that eligible telecommunications carriers (“ETCs”), such as Verizon, continue to be entitled to recover Federal Lifeline Support.

In 2005 the Commission adopted a program of income certification and annual verification, as required by the Federal Communications Commission’s (FCC’s) Lifeline Order.¹ The Lifeline Order added 47 C.F.R. Section 54.410 and required compliance within one year, or by June 2005:

By one year from the effective date of these rules, eligible telecommunications carriers in states that mandate state Lifeline support must comply with state verification procedures to validate consumers’ continued eligibility for Lifeline.²

Cognizant that it could not meet the June 2005 deadline, in March 2005 the Commission requested an extension of time to implement the changes required by the Lifeline Order. That act brought certainty to the process because it resulted in an FCC decision granting an extension of time. Here, the sudden release of an ACR in a proceeding that has been closed for nearly a year already creates certain amount of unease and uncertainty with the process.

While action must be taken forthwith to forestall the rapid depletion of Lifeline customers — some who continue to qualify for Lifeline service — the Commission must avoid taking actions that might make matters worse. The

¹ *Lifeline and Link-Up Report and Order and Further Notice of Proposed Rulemaking*, WC Docket No. 03-109, FCC 04-87 (*rel.* April 29, 2004).

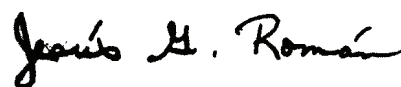
² 47 C.F.R. Section 54.410(c)(1).

threat here is that USAC, the FCC's Lifeline administrator may refuse to reimburse ETCs for failure to comply with the verification mandates of the Lifeline Order and Section 54.410(c)(1). If USAC refuses to pay ETCs federal Lifeline support, then the Commission may have to fund carriers from purely state sources. In September 2006, USAC reported that the FCC supported California's Lifeline program in the amount of \$23.2 million.³ Thus, for the anticipated six month suspension the Commission could potentially be required to use in excess of \$138 million of state-only funds to ensure Lifeline service. That could over-tax the fund and threaten its long-term stability.

Thus, in order to avoid any ambiguity as to whether ETCs will be able to recover Federal Lifeline support and to bring certainty to the process, and rather than relying on a Legal Division letter to the FCC "informing" it of the situation, the Commission should request a temporary waiver of Section 54.410(c)(1) while it addresses the unexpected low verification rates experienced since July 2006.

Dated: November 6, 2006

Respectfully submitted,



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³ See USAC's Quarterly Low Income Support Disbursement Amounts by Company - 3Q2006 accessible at <http://www.universalservice.org/about/governance/fcc-filings/2007/quarter-1.aspx>.

CERTIFICATE OF SERVICE

I hereby certify that: I am over the age of eighteen years and not a party to the within entitled action; my business address is 112 Lakeview Canyon Road, CA501LB, Thousand Oaks, California 91362; I have this day served a copy of the foregoing, **OPENING COMMENTS OF VERIZON CALIFORNIA INC.**

(U 1002 C) ON ASSIGNED COMMISSIONER RULING SUSPENDING VERIFICATION SECTIONS OF GENERAL ORDER 153 by electronic mail to those who have provided an e-mail address and by U.S. Mail to those who have not, on the service list.

I declare under penalty of perjury that the foregoing is true and correct.
Executed this 6TH day of November, 2006 at Thousand Oaks, California.

/s/ *Jacque Lopez*

Jacque Lopez

CALIFORNIA PUBLIC UTILITIES COMMISSION

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Proceeding: R0412001 - CPUC-ILECS, CLECS -

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